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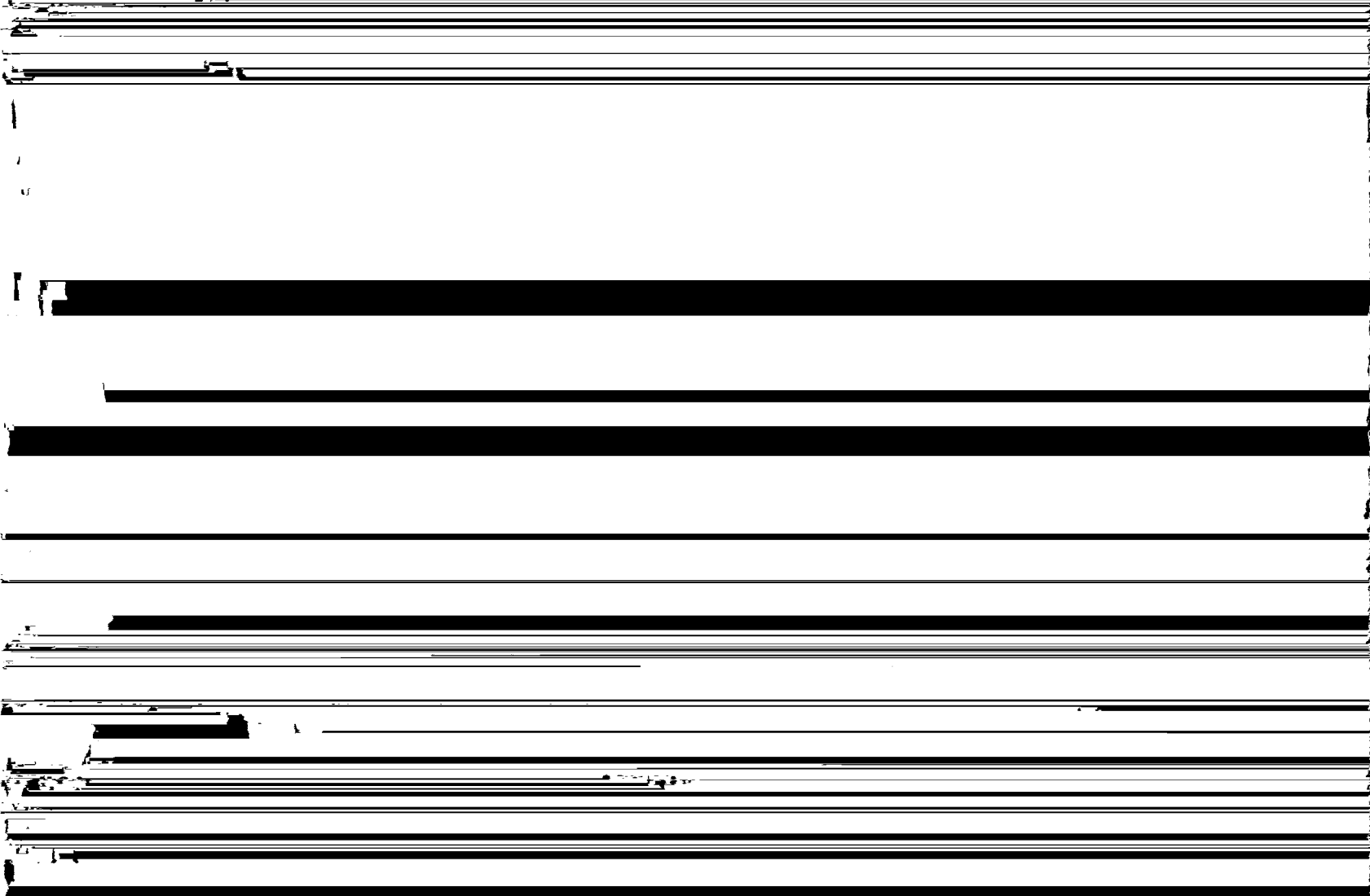
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*Summary of Comments and Reply
MM Docket 92-266, cable rates*

Background

- As was the case with TIA's participation in the video dialtone proceedings, the association and its 500-plus member telecommunications manufacturers are concerned that unnecessary regulation not impede investment in and deployment of advanced switched interactive broadband networks by the cable industry.

- Along with the telephone industry, cable companies and other broadband providers are helping to create a "network of networks" critical to the evolution



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Discussion

- At ¶40 of the Notice, the Commission correctly reflects Congressional intent -- evidenced expressly in Section 3 of the 1992 Act -- that cost of service measures of rates "have a place in our regulatory framework for cable operators seeking to justify rates higher than would be considered reasonable under [a] benchmark standard . . ."

- TIA strongly urges the Commission to repeat this point in its decision, and to make clear to both cable operators and cities that cost-of-service methods of arriving at basic and cable programming service rates are not only permitted but encouraged -- especially where upgrades, rebuilds and new builds cannot be paid for by benchmarked rates based on less expensive but also less effective technologies.

- The 1992 Act's specific references to costs as well as prices suggest that any preemptive effect of price benchmarks should be only partial, not total. It would appear logical to treat the federal authority of benchmarks as follows: (1) If a cable operator's rates fall below the benchmark and the operator chooses to rely on that status, local ratesetting tribunals should not be able to gainsay the choice; (2) on the other hand, if the operator -- no matter where his rates stand in relation to the benchmarks -- chooses to show costs of future service requiring higher-than-benchmark future rates, the showing should be permitted.

- TIA disagrees emphatically with NATOA's suggestion that only cable operators with rates below chosen price benchmarks should be permitted to make special cost showings.

- In order to make such cost-of-service showings simpler, the Commission should remain open to development by interested parties (including TIA) of an "advanced technology cost-of-service benchmark" for which the beginning of a model has been supplied by City of Austin, *et al.* in the attached Smith/Katz study.

- Because Congress repeatedly suggested favor for low basic service rates, the choice of a price benchmark for cable programming service rates should be

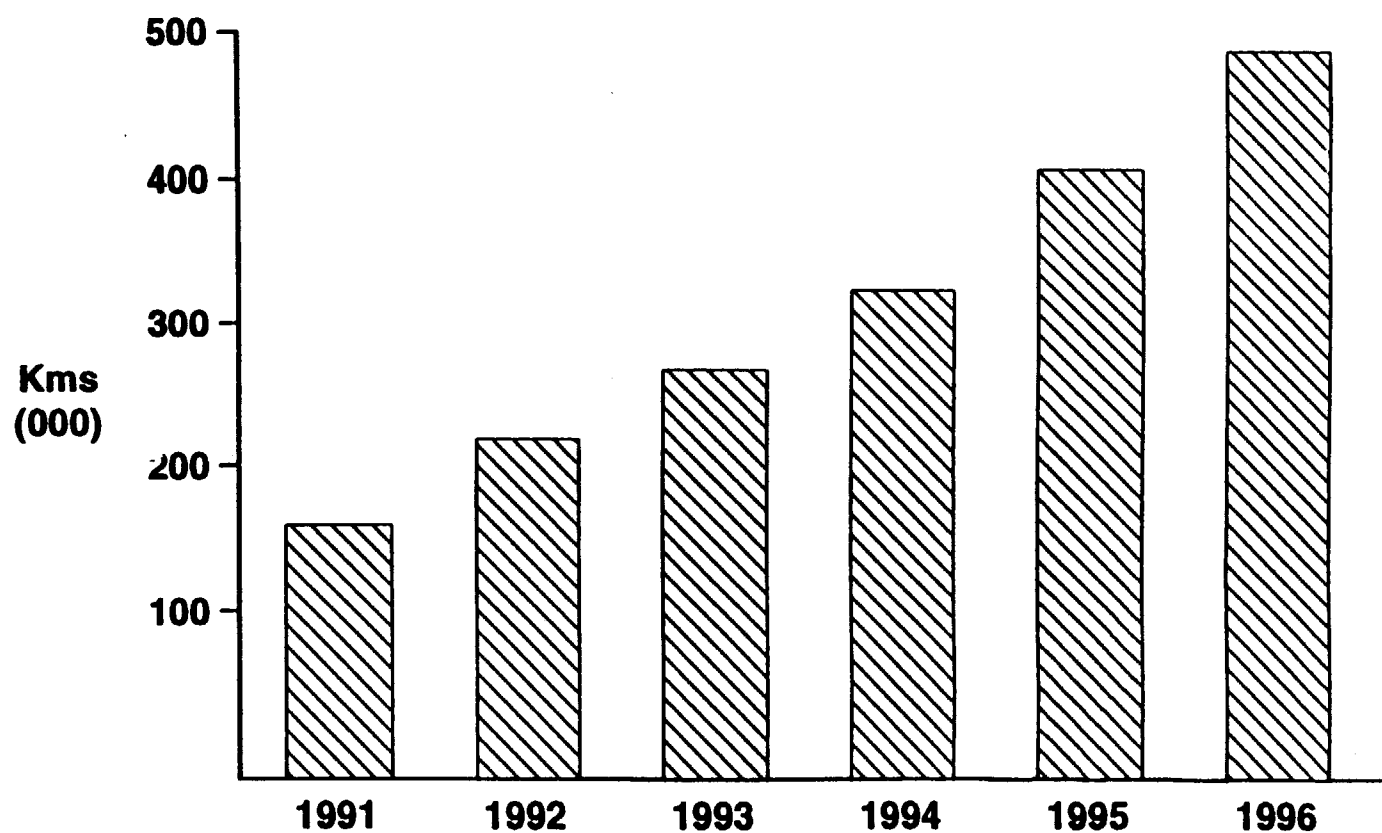
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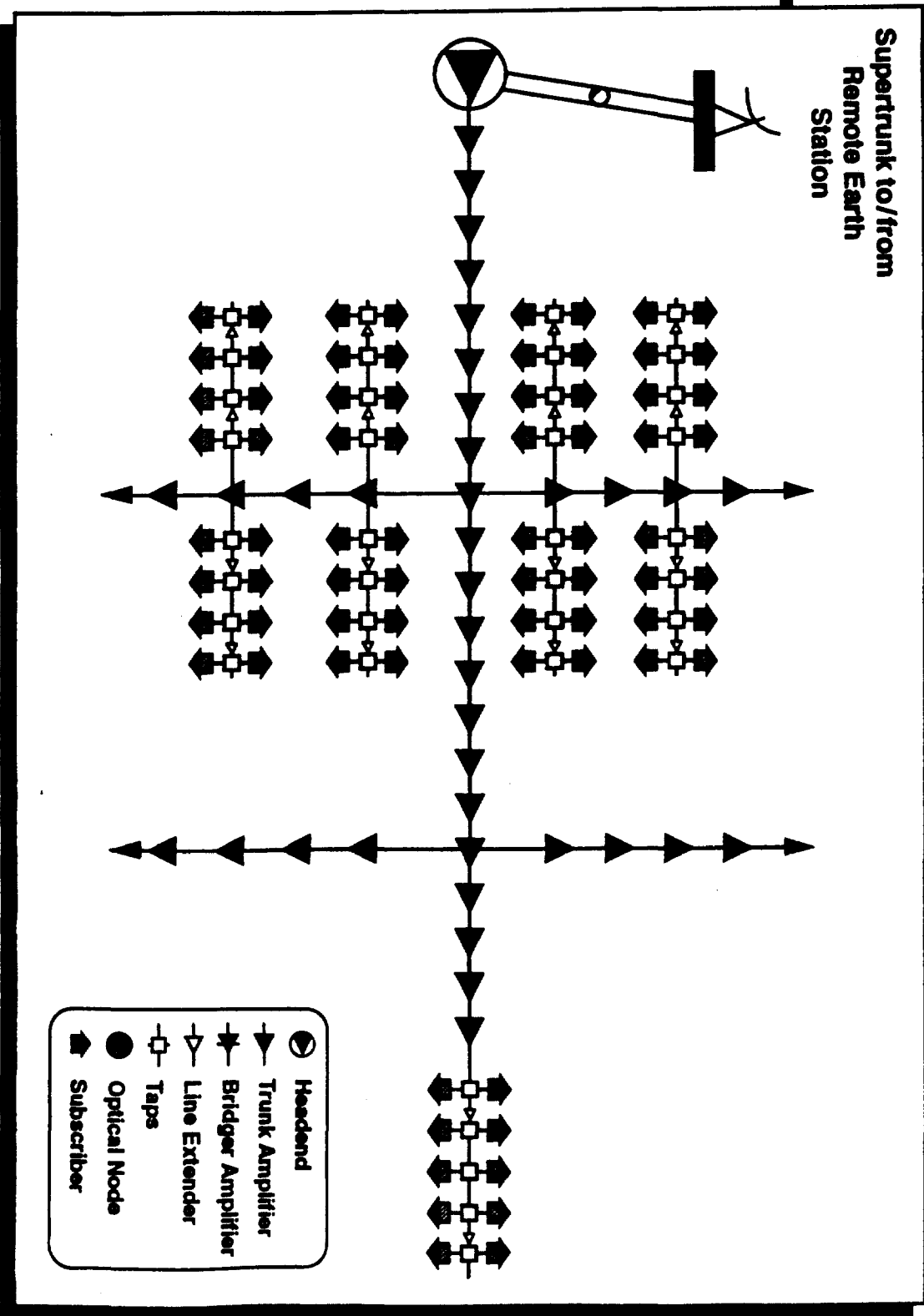
Cable TV Market Forecast

Cabled Optical Fiber



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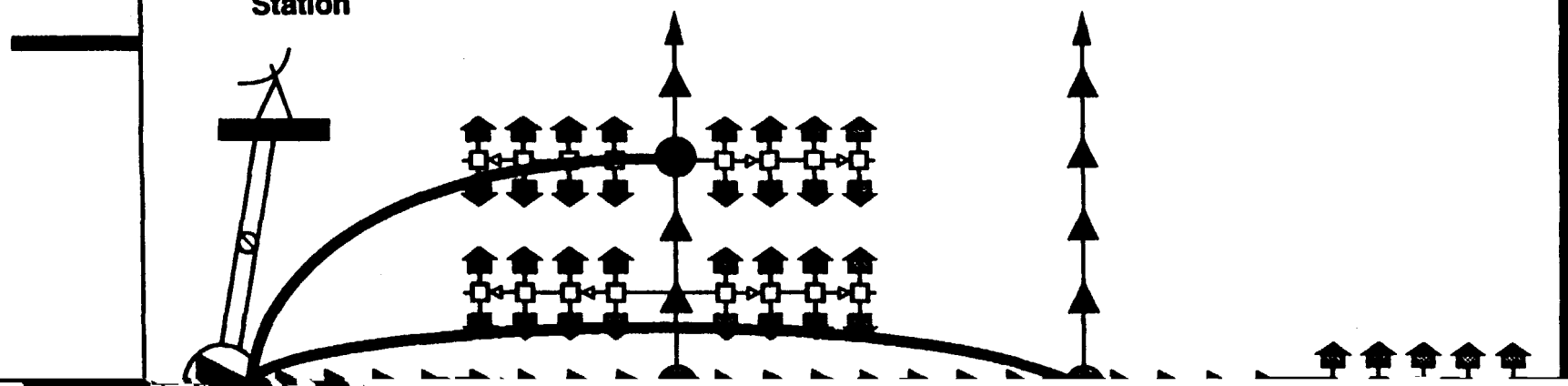
Traditional Coaxial Network



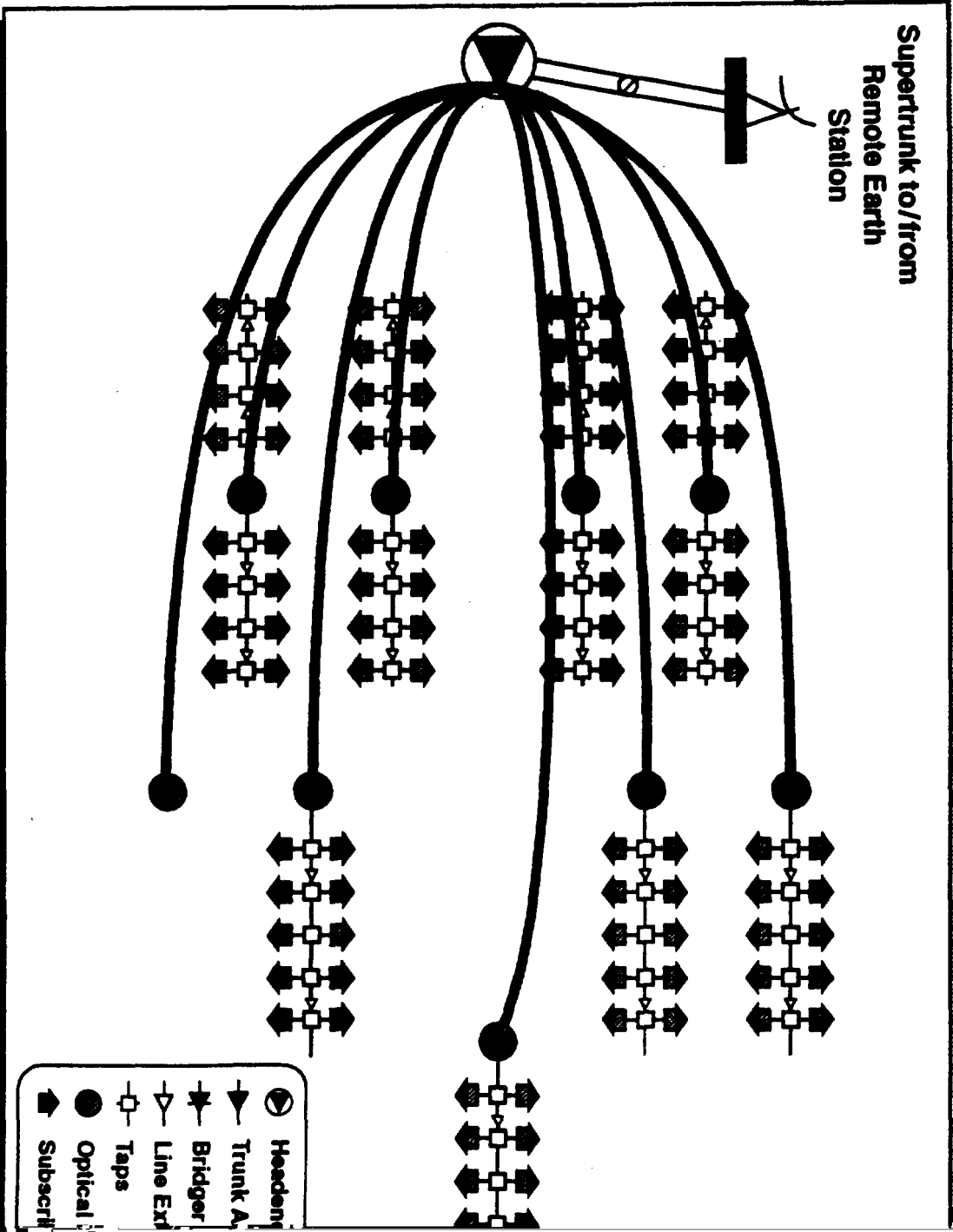
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Today's Fiber Optic Network

**Supertrunk to/from
Remote Earth
Station**



Tomorrow's Fiber Optic Network



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THE FULL SERVICE NETWORK: EVOLUTION OF TELECOM SERVICES AND TECHNOLOGIES

Network Platform

**Telecomm Services
Capacity**

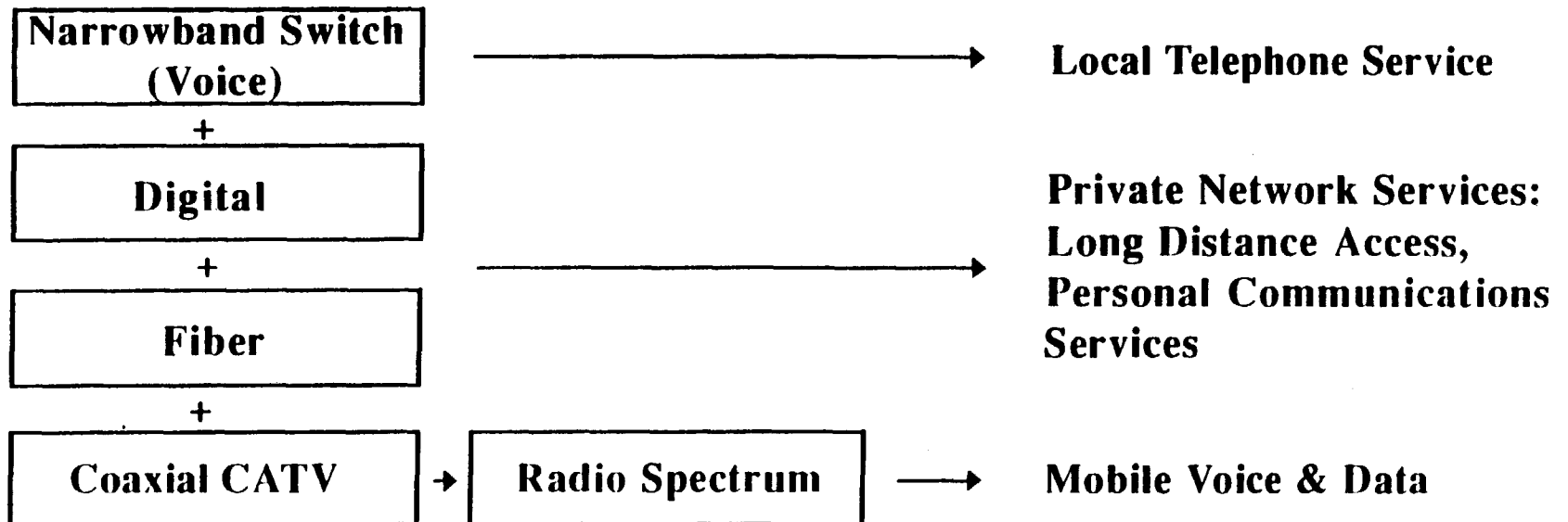


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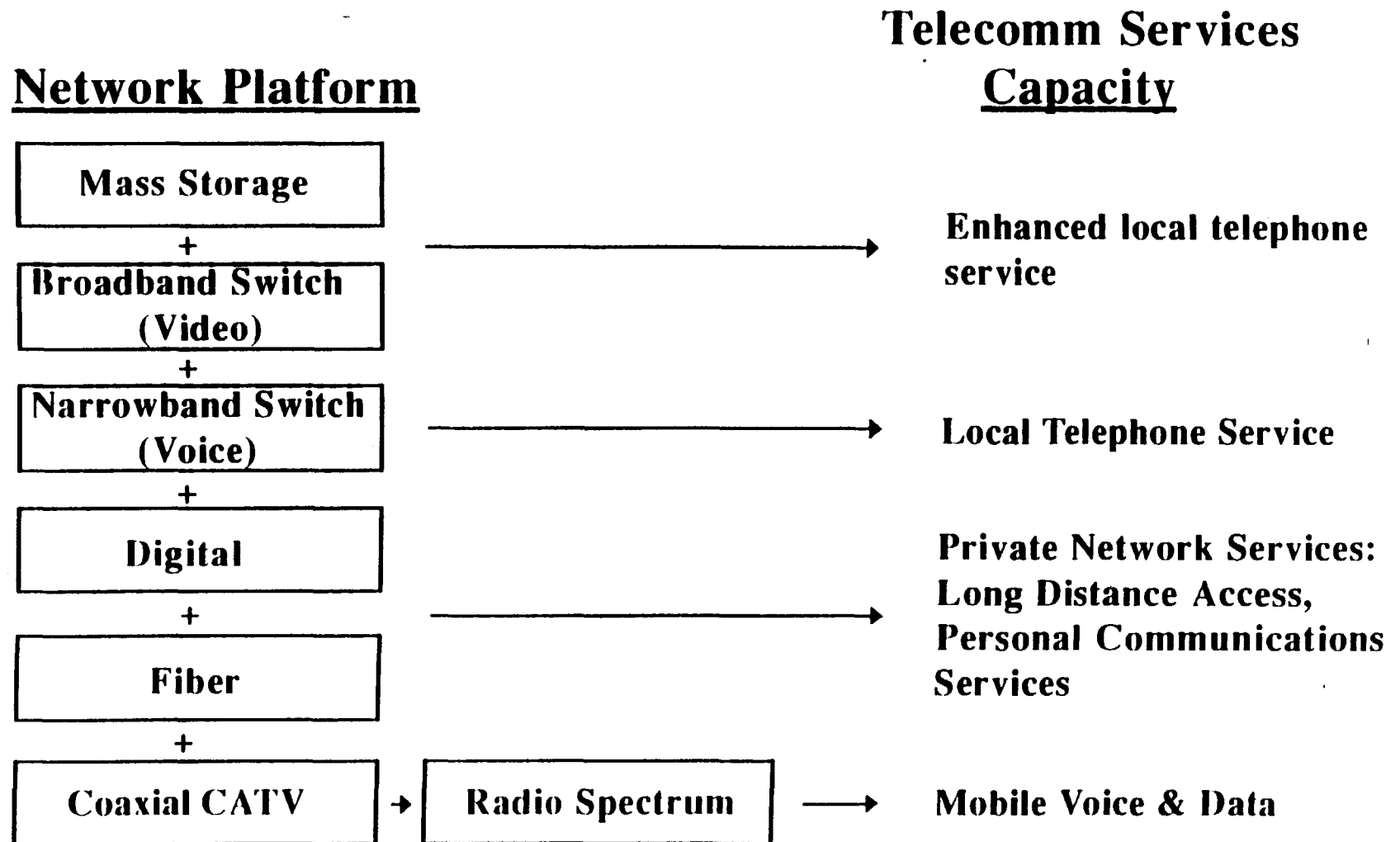
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Network Platform

Telecomm Services Capacity



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Cable's Cost Estimates

<u>Stage</u>	<u>Upgrade Cost</u>
Coaxial CATV	Installed
Fiber deployment to 550 MHz	\$200/sub
Fiber deployment to 1 GHz	+\$50/sub
Digital compression	+\$250/sub
Video switching	+\$150-250/sub
Mass digital storage	<u>+\$100-150/sub</u>
Total	\$750-900/sub

Source: Time Warner